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RETALIATION AND COMMERCIAL FEDERATION.

Lord Salisbury

AND

Sir Charles Tupper.

With Notes on the recent Tariff Doctrines of
PROTECTIONISTS, FAIR TRADERS, AND
COMMERCIAL FEDERATIONISTS.

Written for the COBDEN CLUB by
SIR THOMAS H. FARRER, Bart.



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Recent Protectionist Utterances.

No one, not even Sir E. Clarke, or Lord Salisbury, or Col. Howard Vincent, or Sir C. Tupper, ventures to say that it is the proper business of a Government to prevent its subjects from selling what they make where they can sell it best and dearest; or from buying what they want where they can buy it best and cheapest.

But though no one says this straightforwardly, many persons do say the same thing in a roundabout way, or rather, I should say, in roundabout ways, for their proposals and their specific objects are professedly different, and even inconsistent with each other.

Sir E. Clarke would, apparently, protect everything so long as other nations protect, and he is especially exercised by foreign bounties. No Englishman will, with his goodwill, be allowed to buy or accept anything which is made cheaper by the act of a Foreign Government. If France chooses to give us sugar, let it be thrown into the Thames! On this charming proposal it is needless to say more, for the country has spoken, and with no doubtful voice. But let it not be forgotten that Sir E. Clarke's policy was the policy of Mr. Goschen, Mr. Ritchie, and Lord Salisbury.

Lord Salisbury, again, wants the country to give him power to prevent Englishmen from buying French silks or wines, and he wishes to have this power in

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order that he may compel the French Government to allow its subjects to buy English cottons, and woollens, and hardware. But he does not wish to treat the Government of the United States, ultra-Protectionist as it is, in the same way, because the things which the United States send us are food and raw materials, which we cannot do without. In other words, Lord Salisbury seeks to re-introduce the exploded policy of Retaliation, where he thinks he can do so without excluding articles of necessity and without offending the great mass of voters.

The promoters of the Commercial Federation of the Empire, as it is called, of whom we may take Sir C. Tupper and Col. H. Vincent as types, ask us to put a differential duty on articles which the Colonies produce, when they come from foreign countries, and they ask us to do this in order to promote the Unity of the Empire by making its several parts commercially dependent on each other, and independent of foreign nations. What the Colonies produce is food and raw material, and the Commercial Federationists would therefore exclude these things when they come from the United States or Russia or other foreign countries.

Lord Salisbury's Protection with a view to Retaliation, and Sir C. Tupper's policy with a view to Commercial Federation of the Empire, are not only not the same, but are inconsistent with each other. The very things which Lord Salisbury would admit, Sir C. Tupper would shut out. Lord Salisbury's final object is to compel Free Trade with Foreign nations. Sir C. Tupper's great object is to promote trade with the Colonies by putting a stop to Free Trade with Foreign nations.

But though apparently at variance, both are Protectionists; both would prevent Englishmen from buying and selling where their interests lead them to buy and sell; and, though their ultimate objects are irreconcilable, they will, no doubt, play into each other's hands. For both know well that if the first step on the downward road of Protection is taken, we shall inevitably make many more. This is the general experience. Begin by protecting one thing, and we shall soon be protecting all. Protect manufactures, and we must protect those who use manufactures. Protect corn or cotton, and we must protect those who eat corn and use cotton. Protect luxuries, and we must protect comforts; protect comforts, and we shall soon be protecting necessities. Protect Colonial corn and meat, and we must, in simple justice, protect the English landowner. Indeed, we should, by protecting Colonial corn, to some extent be protecting him already. There is no stopping half-way. If you shrink from excluding food and raw materials, have nothing to do with a differential duty on silks or wines; if you will not protect Lincolnshire or the Lothians, have nothing to do with protecting Manitoba.

LORD SALISBURY AND RETALIATION.

Let us look at Lord Salisbury's proposals more closely. What does he say in their behalf?

First, that "*forty or fifty years ago everybody believed that Free Trade had conquered the world; or that every nation would follow the example of England; that this was the true and original religion; and that a refusal to adopt Retaliation is a strange and unreasonable*

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doctrine which has grown round that religion, and has been forced upon us by later Rabbis."

This is not only not true, but the reverse of the truth, as Lord Salisbury must know.

Sir Robert Peel was the statesman who introduced Free Trade forty or fifty years ago; and he did so because a war of Reciprocity and Retaliation, such as Lord Salisbury now advocates, had been carried on for many years, with the help of a system of Protective duties such as Lord Salisbury cannot dream of, not only without success, but with absolute failure. But let Sir R. Peel speak for himself. This is what he said in 1846.

"I fairly avow to you that in making this great reduction upon the import of articles, the produce and manufacture of foreign countries, I have no guarantee to give you that other countries will immediately follow our example. I give you that advantage in the argument. Wearied with our long and unavailing efforts to enter into satisfactory commercial treaties with other nations, we have resolved at length to consult our own interests, and not to punish those other countries for the wrong they do us in continuing their high duties upon the importation of our products and manufactures, by continuing high duties ourselves, encouraging unlawful trade. We have had no communication with any foreign Government upon the subject of these reductions. We cannot promise that France will immediately make a corresponding reduction in her tariff. I cannot promise that Russia will prove her gratitude to us for our reduction

* Hansard, January 27, 1846.

of duty on her tallow by any diminution of her duties. You may therefore say, in opposition to the present plan, "What is this superfluous liberality, that you are going to do away with all these duties, and yet you expect nothing in return?" I may, perhaps, be told that many foreign countries, since the former relaxation of duties on our part—and that would be perfectly consistent with the fact—**Foreign Countries** which have benefited by our relaxations **have not followed our example, nay, have not only not followed our example, but have actually applied to the importation of British goods higher rates of duties than formerly.** I quite admit it. I give you all the benefit of that argument. I rely upon that fact as conclusive proof of the policy of the course we are pursuing. It is a fact that other countries have not followed our example, and have levied higher duties in some cases upon our goods. But what has been the result upon the amount of your exports? **You have defied the regulations of those countries. Your export trade is greatly increased."**

Would that Sir R. Peel were with us now: he would be able to repeat his words with tenfold effect. Further, this is what he said in 1849, with reference to Mr. Disraeli's assumption "that you cannot fight hostile tariffs with free imports." *

"I so totally dissent from that assumption that I maintain that **the best way to compete with hostile tariffs is to encourage free imports.** So far from thinking the principle of Protection a salutary principle, I maintain that the more widely you extend it the

* Hansard, July 6, 1849.

greater the injury you will inflict on the national wealth and the more you will cripple the national industry.

* * * * *

"To re-establish duties upon the import of foreign produce, to be regulated by the principle of reciprocity, would be accompanied with **insuperable difficulties**. You have, in my opinion, no alternative but to **maintain that degree of Free Trade which you have established**, and gradually to extend it, so far as considerations of revenue will permit."

Lord Salisbury has therefore **falsified history, and rejected experience**.

Secondly, Lord Salisbury says that "*every nation is trying to get the greatest possible protection for its own industries and at the same time the greatest possible access to the markets of its neighbours*." And he seems to think that this is a reasonable policy, which we are fools for not following. He is apparently unaware of the most elementary truth, not of Economical Rabbism, but of common business, viz., that **buying and selling is exchange**; that there is no **selling without buying**; that if **France sells wine and silk she must buy cotton or hardware, or something else**; and that if **she does not buy she cannot sell**.

Lord Salisbury's ignorance of business, if genuine, is stupendous.

Thirdly, Lord Salisbury says that "*while A is very anxious to get a favour of B, and B to get a favour of C, nobody cares two straws about the commercial favour of Great Britain; that Great Britain has deliberately stripped herself of the armour and the weapons by which the battle is to be fought*," and concludes,

of course, that Great Britain is worse off than its neighbours in the general struggle. I will let his own President of the Board of Trade answer him. This is what **Sir M. Hicks-Beach** said on the 9th March, 1892.

"The most important Treaties of Commerce that have been made within the last year have been distinctly favourable to our interests—those that have been negotiated between the Central European Powers—because in those countries this country has the benefit of the advantage of the 'most favoured nation treatment.'"
In other words, the fact that we put no differential duties on foreign goods induces foreign nations to treat us better than they treat others.

Lord Salisbury's ignorance of his own Board of Trade is as stupendous as his ignorance of history and of business.

If we were to adopt Lord Salisbury's policy of Retaliation, we should forfeit the advantage insisted on by Sir M. Hicks-Beach ; we should, as Lord Salisbury is now doing, throw dirt on Sir R. Peel's policy, on our own National policy, of open markets ; we should be encouraging American and other Foreign Protectionists,* and we should inevitably produce a war of retaliation and prohibition, in which so far from gaining anything, we, as the great exporters of manufactures and

* In the newspapers of 22nd and 23rd June, 1892, I find the following :—

**MR. MCKINLEY ON LORD SALISBURY,
PROTECTIONIST.**

Mr. McKinley, addressing a mass meeting in New York last night, said :—"We have a right to be cheerful when Lord Salisbury has given his adherence to the Republican doctrine of Protection."
—*Reuter.*

importers of food and raw material, should be the greatest sufferers. France is clearly the country at which Lord Salisbury aims, when he talks of putting a retaliatory duty on wines, silks, gloves, and laces. Now it would be no small evil, to make silk gowns and ribbons dearer and worse than they are; or to compel Englishmen, Irishmen, and Scotchmen, as the Methuen Treaty did, to give up light clarets for strong port, or for Cape or Hamburgh sherry. But let us abandon the men who drink wine and the women who wear silk to Lord Salisbury's tender mercies; let us give up the poor sempstresses who make up silk dresses, and whom a prohibitory duty on French silks would rob of their raw material; let us for the moment, with Lord Salisbury and the Protectionists, treat our imports from France as an evil. Let us consider what would be the effect on our own exports of crippling our trade with France. In 1854 we imported from France £10,000,000 worth of goods, and we exported to her £3,000,000. In 1890 we imported from France £45,000,000, and exported to her £17,000,000.* Consequently, not only has the trade increased enormously since 1854, but, whilst our imports from France are $4\frac{1}{2}$ times greater than they then were, our direct exports to her have, in spite of French tariffs, increased sixfold. Seventeen millions' worth of English goods exported to France is no trifle; and this is one thing we should hazard, if we indulged in games of retaliation.

But this is not all. The excess of goods sent by France to us is no doubt paid for circuitously. We send

* See Board of Trade Return, C. 6394 of 1891, pp. 71-75.

goods to other countries, and these send goods to France. Of such countries the most important is India. During the last decade France received annually from India goods to the value of about £8,000,000 on an average of years, and sent to India less than half a million's worth; whilst this country sends, all things being taken into account, a large surplus of exports to India. Consequently, if we disturb and injure our own trade with France, we shall, at the same time, be disturbing and injuring the trade of France with India and our own exports to India.

But, says Lord Salisbury, "I mean to increase our trade with France, by making it the interest of France to take off the duties she now charges on our goods." Alas! for the teachings of experience! Nations, like men, don't open their arms when they are hit, but hit back. This, *pace* Lord Salisbury, is the lesson taught by our experience before 1841; by the experience of Canada and the United States; of Russia and Germany, of France and Italy; indeed, one may say of all countries which have taken Protection to their bosom. Reciprocity and Retaliation lead, in the end, not to Free Imports, but to such monstrosities as those of a McKinley tariff.

Lord Salisbury, it is said, thinks to catch votes from the workmen in Yorkshire and Lancashire by promising to protect English manufactures and to force open foreign markets. It will be strange if the men he thinks to attract are not sharp enough to see that English manufactures do not need protection in England; that to shut our doors against foreign goods will be to shut foreign doors against our goods, and

that we cannot shut out foreign goods without shutting out not only foreign raw materials, but foreign food. The rural labourers see this well enough. Lord Salisbury does little credit to the intelligence of our artisans, if he thinks they do not see it too.

COMMERCIAL FEDERATION OF THE EMPIRE.

This is the other form in which Protection is threatening us. It has a most innocent-sounding title, and will be an excellent thing if it is done in the right way, *i.e.*, by removing restrictions. But it will be a very bad thing if it is attempted in the wrong way, *viz.*, by imposing restrictions.

THE BARGAIN AS PROPOSED.

But what is it that is proposed? Let us take Canada, for she has made the most definite of the many indefinite suggestions. The Canadian House of Commons has passed a resolution that if the products of Canada are admitted to British markets on more favourable terms than those of foreign countries, Canada will be prepared to grant corresponding advantages in the shape of reductions of Canada duties upon British goods, and her representative, Sir C. Tupper, has followed this up by a proposal that we shall put a differential duty on United States corn and other produce. The offer of Canada assumes the form of a bargain with this country. But there are difficulties about a bargain where there is no common ground between the parties. England thinks it good to open doors, and her doors stand wide open. Canada thinks it good to close doors, and her

doors are comparatively closed. When Canada offers to open her doors to England, she thinks it a sacrifice on her part, and England does not. When Canada asks England to close her doors, she does not think it a sacrifice on England's part, and England does. The only thing the two bargainers have in common is that, since England thinks any opening of a door good, she agrees that any proposal on Canada's part to open her doors is *pro tanto* a good thing. But even here they are not in entire agreement, for England does not ask Canada to open her doors to England only. She would be glad to see Canada open her doors to all the world.

Under the above circumstances, the question for England is whether the one good thing Canada offers to her, viz., the partial opening of Canada's doors to England, is worth the sacrifice Canada demands, viz., the closing of England's doors against the rest of the world, or at any rate against Foreign countries.

First, then, what is England to get by this opening of Canada's doors to her? Increased trade with Canada. To judge of the value of this we must answer the following questions, viz., What is our present trade with Canada? What proportion has it borne and what proportion does it now bear to our whole trade, and to our Foreign trade? And, again, what is the whole trade of Canada, and how much of it are we likely to get by the proposals now under consideration?

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Our trade with Canada has been as follows * :—

Periods.	Imports into United Kingdom from Canada.		Exports of British produce to Canada.	
	Million £.	Per cent. of Total Imports into United Kingdom.	Million £.	Per cent. of Total Exports from United Kingdom.
1854	7	4'6	6	6'2
Average of five years, 1855 to 1859	5	3'3	4	3'1
Average of five years, 1885 to 1889	10	2'8	8	3'4
1890	12	3'0	7	2'7

The whole trade of Canada, according to the last statistical abstract for the Colonies, was as follows :—

Year.	Exports from Canada. Million £.	Imports into Canada. Million £.
1875	16	26
1880	18	18
1885	18½	23
1890	20	25

and our share of it was*—

Year.	Exports from Canada to United Kingdom. Million £.	Imports from the United Kingdom into Canada. Million £.
1875	10	9
1880	13	8
1885	10	7
1890	12	7

* See Board of Trade Return, C. 6394 of 1891, pp. 72-79.

So that, if we got the whole trade of Canada, as it now exists—which is, of course, a preposterous assumption—we should get little more than twice as much trade with her as we now get, and that whole trade of Canada would be still an insignificant fraction of our whole trade.

The gain to us by any such bargain must therefore be infinitesimal. What would our sacrifice be? Canada asks us to put differential duties on things which she sends us—when they come from Foreign countries. Now what does she send us? Chiefly cattle, meat of various kinds, corn, flour, cheese, lard, butter, leather, skins, fish, fruit, and timber. In 1891, the value of these things which we had from Canada was about £11,000,000—but in the same year the value of these things which we had from all other countries was much more than £100,000,000, and the value of these articles which we imported from Canada's great rival, the United States, was more than, £50,000,000. We are therefore asked to deprive ourselves of necessities from the United States alone valued at £50,000,000, besides an immense quantity from other countries, on the empty promise that Canada's £11,000,000 will, under the encouragement given by a differential duty, grow into the larger amount.

But there is much more behind. If and so far as we cease to import from the United States, we shall cease to export to them, and we shall thus cripple our exchange with that great country. Nor is this all. The Government of the United States have both the power and the will to retaliate by imposing differential duties on our trade. If they do, it will accelerate and

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complete the ruin of our trade with them. Let us see what this trade is, and compare it with the above figures of our trade with Canada.*

Periods.	Imports into United Kingdom from United States.		Exports of British produce to United States.	
	Million £.	Per cent. of Total Imports into United Kingdom.	Million £.	Per cent. of Total Exports from United Kingdom.
1854	30	19'7	21	21'6
Average of five years, 1855 to 1859	33	19'4	19	16'4
Average of five years, from 1885 to 1889	85	22'5	28	12'2
1890	97	23'1	32	12'2

And in addition to the visible exports from the United Kingdom to the United States, we ought to add the invisible exports in the form of services rendered to the United States by our ships, which do most of the United States carrying trade, and these must amount to many millions.

We are therefore asked, looking to the United States alone, to sacrifice a trade which has, in thirty-five years, grown from £51,000,000 to much more than £130,000,000, and which constitutes 23 per cent. of our imports, and, including shipping, much more than 12 per cent. of our exports, in order to obtain a larger share of a trade which has grown in the same period from £13,000,000 to no more than £19,000,000, and

* Board of Trade Return, C. 6394 of 1891, pp. 72-79.

which now constitutes only 3 per cent. of our imports and 2·7 per cent. of our exports.

What sort of a bargain would this be for England?

"But," says *The Times*, once, alas! the staunch advocate of freedom, "if the other self-governing Colonies in Australia and Africa should join, the bargain may be worth our acceptance." Let us see how this stands.

Our yearly trade with these countries, on the average of the five years ending 1889, has been as follows* :—

Imports into United Kingdom from and Exports of British produce to self-governing Colonies.

Name of Colony.	Imports from.		Exports of British products to.	
	Million £.	Per cent. of Total Imports.	Million £.	Per cent. of Total Exports of British Produce.
Australian Colonies	24	6·3	23	10·2
Cape and Natal	5	1·4	5	2·4
Add Canada as above ...	10	2·8	8	3·4
Total ...	39	10·5	36	16·0

Compare this with the foreign trade which we are asked to sacrifice, the yearly amount of which is as follows, on an average of the same five years* :—

* Board of Trade Return, C. 6394 of 1891, pp. 72-79.

Imports into United Kingdom from all Foreign Countries.		Exports of British produce to all Foreign Countries.	
Million £.	Per cent. of Total Imports.	Million £.	Per cent. of Total Exports of British Produce.
293	77·1	147	65·0

But this is not all. It is not worth our while to make sacrifices to get the trade of Australia and the South African Colonies, for we have it already. Of the whole exports of those Colonies, which are officially returned as amounting to £76,000,000 in 1890, £26,000,000 has to be deducted as being the home trade of the different Australian Colonies with one another. Of the remaining £50,000,000 the exports to the United Kingdom amounted to £39,000,000, and only £11,000,000 went to other countries. Again, the imports of these Colonies, returned at 82½ millions in 1890, have to be reduced by 29 millions, which represents Australian inter-Colonial trade, and of the 53½ millions which remain 40 millions were imports from the United Kingdom and only 13½ millions from the rest of the world.*

In the above comparison, India and the other British dependencies are excluded, because we control them, and there is no question of treating with them, and because we already get from them all that Free Trade can give us.

There is much misapprehension about the proportions and the growth of our Foreign and Colonial Trade.

* See Statistical Abstract for the Colonies, C. 6456 of 1891.

The maxim that the "Trade follows the Flag" is made to mean a great deal more than it really covers. Because, man for man, Englishmen buy more from Englishmen than they buy from other nations, it is supposed that the trade with the self-governing Colonies is much more valuable than trade with other nations, and that it grows faster. Sentiment, even in buying and selling, goes for a great deal, and habit for more. Men buy what they have been used to buy, even in a foreign land. But profit made out of a Frenchman or a citizen of the United States is as much profit as profit made out of a Canadian. Now the real question for us, so far as the value of the trade is concerned, is not the amount of trade per man, but the aggregate amount of trade, including not only the actual amount of trade at the present moment, but the recent progress of trade, as indicating its probable future.

The following is an extract from the very valuable Tables presented to Parliament last year by the Board of Trade,* and in considering them, it is always to be remembered that the export figures do not include our "invisible exports" arising from the services rendered by our shipping, estimated by Mr. Giffen ten years ago as then amounting to £60,000,000. The bulk of these would have to be set down to Foreign trade, and the more so because Canada with her large mercantile marine does so much of her own carrying by sea.

* See Return C. 6394 of 1891, above referred to, pp. 72-79.

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Imports from Foreign Countries and British Possessions, 1884—1890.

Periods.	Imports from Foreign Countries.		Imports from British Possessions.	
	Million £.	Per cent. of Total Imports.	Million £.	Per cent. of Total Imports.
1854 Annual Average	118	77'6	34	22'4
1855—1859	129	76'5	40	23'5
1860—1864	167	71'2	68	28'8
1865—1869	218	76'0	68	24'0
1870—1874	270	78'0	76	22'0
1875—1879	292	77'9	83	22'1
1880—1884	312	76'5	96	23'5
1885—1889	293	77'1	87	22'9
1890	325	77'1	96	22'9

Exports of British produce to Foreign Countries and British Possessions, 1854 to 1890.

Periods.	Exports to Foreign Countries.		Exports to British Possessions.	
	Million £.	Per cent. of Total Exports.	Million £.	Per cent. of Total Exports.
1854 Annual Average :	63	64'9	34	35'1
1855—1859	79	68'5	37	31'5
1860—1864	92	66'6	46	33'4
1865—1869	131	72'4	50	27'6
1870—1874	175	74'4	60	25'6
1875—1879	135	66'9	67	33'1
1880—1884	153	65'5	81	34'5
1885—1889	147	65'0	79	35'0
1890	176	66'8	87	33'2

It will be seen from these figures that, in spite of the foreign protective tariffs which have been coming into force during the last twenty or thirty years, and in spite of our largely increased trade with Australia and India, stimulated, no doubt, by our large lendings to those countries, the volume of Foreign trade has kept pace with the volume of Colonial trade—that the percentage of imports and exports due to each of those two branches have fluctuated within narrow limits, and are now much what they were thirty or forty years ago; and that our Colonial trade is now, as it was then, about one-quarter of our whole trade, whilst our Foreign trade constitutes the other three-quarters.

This is not what those would expect who prophesy ruin and isolation in consequence of the protective policy of foreign nations. But it is what those might expect who know that duties which profess to be protective often fail to protect, who teach that nations cannot sell without buying, and who hold with the maxim of the original Free Traders, "Take care of the imports and the exports will take care of themselves."

Is it, under such circumstances, wise to change our policy with the object of gaining a larger share of Colonial trade? Would it not be the policy of fools to sacrifice a certain three-quarters to the chance of increasing one-quarter—to restrict and cripple a business of £500,000,000 for the problematical chance of increasing a business of £180,000,000?

The answers given to these arguments by Sir C. Tupper,* Colonel Vincent, Lord Dunraven, and other

* See Sir C. Tupper's Article in *Nineteenth Century* for April, 1892.

advocates of Commercial Federation carry old men back to the times of the Corn Law struggle. We are told by Sir C. Tupper that a 5s. duty on corn cannot raise the price of bread, and are given a number of instances in which a rise of duty has been followed by a fall in the price of corn. As if there were no other element in current prices besides duty, and as if abundant instances could not be given in which repeal of duty has been followed by a fall in price.

It seems tedious to reiterate that the question is not whether the price of bread actually rises or falls, but whether the price of bread is not, at any given moment, and under any given circumstances, higher with a protective duty than it would be without the duty. Even this is no certain test, for, as Cobden always said, "I cannot tell what the price of bread may be, but I know that with Free Trade the workman will be better able to buy it."

Then, again, we are told that it needs only the stimulus which will be afforded by excluding competition to make Colonial farmers produce more and more cheaply than Foreign farmers can produce, just as we used to be told that Lincolnshire and the Lothians would feed us all at the lowest figure if we would but nurse them by shutting out Russia and America.

There is one answer to all this. The stimulus given to the Colonial producer can consist in nothing but an increased price, and this price must be paid by the purchaser. A prohibitive duty on United States wheat will give no new motive to the farmer in Manitoba unless it enables him to ask more for his produce than he

can ask without the duty, and this "more" must be paid by the buyer.

But, says Sir C. Tupper, the effect of the 5s. duty will be to attract Englishmen to Manitoba in Canada instead of to Dakota in the United States. Now why that effect should be produced I cannot see, unless the prices they are to get for their produce are increased, a result of the duty which Sir C. Tupper repudiates as impossible. But I can give Sir C. Tupper a much easier and more effectual receipt for attracting English settlers to Canada, and keeping them from crossing into the United States when they get there, and that is to relieve them from the heavy and unnecessary tax they now pay to the manufacturers of Ontario by reason of Canada's protective duties on manufactured goods.

Sir C. Tupper goes on to quote authorities, and his first is a speech of Sir W. Leng at Sheffield, which ends with the following remarkable passage:—

"Every quarter of wheat imported from Australia secures from fifteen to twenty times the trade and employment a quarter of American wheat does, and every quarter from Canada thirty-five times as much as one from Russia."

The above passage is worthy of an audience which returns Col. Howard Vincent to Parliament. It really seems as if Protection brought on its apostles some curious obfuscation of the understanding. A quarter of wheat sold in the London market is a quarter of wheat, and if of the same quality, fetches the same price in English money or goods whether it comes from one

place or another. Does Sir C. Tupper really think that we give fifteen times as much English labour for a quarter of Australian wheat as we do for a quarter of American wheat ; or thirty-five times as much English labour for a quarter of Canadian wheat as for a quarter of Russian wheat ? And if he thinks we do, does he think it good business on our part to buy Australian or Canadian wheat ?

Then we have a number of other authorities referred to, including Lord Salisbury, Col. Howard Vincent and the National Union of Conservatives, and we have the following quotation from one of Mr. Goschen's speeches.

"I think it possible that the advantages of the Consolidation of the Empire may be so great that if the increase in the price of the loaf is extremely small, **the producers**, with whom the power now lies far more than with the consumers, may not object. I differ from the Right Hon. Member for Leeds, who supposed that, if we had any Customs Union or arrangements by which favour was shown to the Colonies, the United States would have a **right to interfere.**"

"*The producers !* Was it the producers who won the day on the Sugar question ? Will the agricultural labourer, who is the producer of corn in this country, vote for a tax on food ? *Right to interfere !* Of course not, any more than we have a right to interfere with the McKinley tariff. But *power* to interfere and *will* to interfere by retaliatory duties the United States Government certainly have, and it is difficult to imagine a

case which would more certainly call that power and will into action than a measure on our part expressly intended to shut out United States corn and meat from English markets.

But this is the Mr. Goschen on the Fence; the Mr. Goschen of the Sugar Convention; of the Sinking Fund; of the Publicans' Compensation; of the muddled National Accounts; not, alas! the Mr. Goschen at whose feet in earlier and happier days we sat as grateful disciples.

No. The final word on this point is to be found in the following simple and straightforward words of Sir M. Hicks-Beach, quoted by Sir C. Tupper:—

"Supposing a duty is imposed on those articles coming from foreign countries here, what would be the natural effect? The price would be raised by something more than the duty. If the price was not raised, what good would it do to the Colonies?"*

POLITICAL AND SENTIMENTAL CONSIDERATIONS.

But, it may be said, these are material interests—of the earth, earthy; and there are others to which it may be right that material interests should give way. There is National Defence; there is National Pride; there is the sentiment of a world-wide Empire; and the desire to spread the British name and the British language and British institutions over the face of the globe. Subtracting from these high-sounding words whatever element they may contain of aggressive

* *Nineteenth Century*, April, 1892, p. 532.

Jingoism, there remains in them enough to move the blood and even to lead captive the sober reason. Freedom itself may be appealed to, for Freedom of Trade is only one part of Freedom, and not the most important. Freedom of thought, Freedom of social and political action, are even more essential to general welfare than Freedom of Trade, and if these conflict with Freedom of Trade, it is Freedom of Trade which must give way. For this reason I dissent altogether from Lord Grey, who, in his recent pamphlet, regrets that in giving self-government to the Colonies we did not compel them to adopt our own Free Trade policy. The founders of the United States, aided as they were by geography, introduced Freedom of Trade throughout the Union, and have by so doing established the widest area of Free Trade the world has ever known. But the facts of geography and of history which rendered it impossible in the last century for England to introduce her fiscal and commercial rules into New England, also rendered it impossible for her, when in the present century she gave self-government to her Colonies, to compel them to adopt her present commercial and fiscal system. When self-government was extended to Canada, Australia, and the Cape, it necessarily carried with it to each Colony the power to determine their own systems of taxation, of revenue, and of commercial policy.

Free Traders are not necessarily Fanatics. If the doctrines of Free Trade are really in conflict with such ideas and aspirations as I have referred to, they may have to give way. Trade concerns material interests, whilst real friendship and harmony of feeling between

English-speaking races (amongst whom I should be ashamed not to include the United States) are objects for which it may be well worth while to make some sacrifice of such interests. But I am ready to take issue with the Commercial Federationists on this view of the question, and I challenge the advocates of Protection to show that the steps they urge will promote the harmony we both desire. I believe, on the contrary, that they will have a directly opposite effect.

There is nothing so dangerous to friendly feeling as the consciousness of an obligation which is felt to be a daily cause of injury or loss. No wise men or women, and no wise communities, who desire to be on friendly terms with each other, will willingly involve themselves in any such obligations. Nor will they do so, if the conditions are such that the engagement, though possibly for the moment advantageous, will probably in the future become a burden.

Now this is the case with all the schemes of Commercial Federation that have been suggested. They are all schemes of increased restriction, and this raises a *prima facie* case against them. Let us consider them in their application to particular cases; for it is thus alone that we can test them.

England is asked to put a differential duty on foreign produce, *i.e.*, on food and raw materials, which is the produce of the United States and of other Foreign countries; in other words, to exclude these articles when coming from Foreign countries, including the United States, in order to encourage imports from the Colonies, including Canada. It has been shown above what a tremendous sacrifice this involves on the part

of England. It has been shown that to buyers in the United Kingdom it must make food and raw material dearer or more difficult to obtain than they would otherwise be, and that it must consequently narrow the means of living and cripple our manufactures and our exports.

Will it conduce to friendly feelings in this country towards Canada if our working classes are told that their food is dearer or that their employment is lessened, in order to give more profit or more employment to the landowners and farmers of Canada? And supposing, as is more than probable, that the United States should retaliate and exclude the thirty millions' worth of manufactured goods and the many millions' worth of shipping services which we send them, will the loss of that profit and employment make Canada and her people dearer to our manufacturers and our workmen?

Nor is this all. The whole commercial system of the world is in a state of flux. Many persons think that there will be a general revulsion from the protectionist craze which now afflicts the nations. It is quite on the cards, it is even probable, as daily events show, that such a revulsion may come very soon in the United States. Suppose that it were to come, and that, as was the case with ourselves, the first form it were to take was that of reciprocity. Suppose the United States Government were to come to ours and say "We will open our markets to you, but it is only on condition that your markets are open to us." And suppose that our Government were obliged to answer "No, thank you. Much as we should like your market, we

cannot accept it, for we have made engagements with Canada by which we are bound to keep your goods out of our market." Is it possible to conceive anything more likely to make Englishmen say, what I devoutly trust they may never have reason to say, "Perish, Canada !"

Look again at the case from the Canadian side. Nature and geography seem to have made the United States and Canada for mutual intercourse. These two nations have set up barriers against one another, which one party at the last Canadian elections treated as an intolerable burden, and which even the other party (the party which is responsible for them) has been in vain trying to lower by negotiation with the United States. Now suppose that Canada had been bound by arrangement with England to exclude United States goods in order to favour English goods, and suppose that at the last election Sir R. Cartwright had been able to say to the electors of Canada, "You need trade with the United States ; but they will not give it you till you admit their goods freely. This you cannot do because you are bound by your engagements with England to exclude United States goods." It is perhaps presumptuous to speak of what might have happened, but unless Canadians are made of different stuff from other men, such a cry would have enabled Sir R. Cartwright to sweep the board, with what feelings towards the Mother Country, and with what result on the connection between her and the Colony, it is painful to imagine !

Further, suppose that such an arrangement could now be made, and that it proved for a time completely successful, and that by a system of *quasi* monopoly,

we were to nurse up a system of industries in Canada which could not have existed in the face of United States competition; and suppose that there was then to occur that revulsion in the commercial policy of the United States of which I have spoken—that their Government were to offer a free market to England, on condition of England's offering a free market to them; and that England, as it probably would do, were to accept their proposal. Would not the result be ruinous competition and injury to the Canadian interests which we had artificially fostered? And if so, what would be the feelings of Canada towards the Mother Country?

I have taken these hypothetical cases as illustrations—and they might be multiplied indefinitely. But they are enough to show what dangers to friendship lie in restrictions which either party may, now or hereafter, feel to be injurious.

I might take a more extreme case. There is a book published lately by a Colonial Professor of Political Economy in which, after giving an account of England's Commercial Treaties which is ludicrous in its exaggeration, and after prophesying the downfall of England's trade as a just and natural consequence of her alleged maltreatment of the Colonies, the writer deliberately suggests a scheme of Commercial Federation under which it is proposed that England shall give to her Colonies an absolute monopoly of all the food and raw materials which she requires, receiving in return from each Colony a reduction of the Colonial duties on such goods, and of such goods only, as the Colony cannot successfully manufacture for itself!

The tables are indeed turned when an Australian Professor of Economy can make such a proposal in cool blood. If he were, which he fortunately is not, a representative of Colonial feeling, we might be led to think that the Colonists of this century are avenging on the Mother Country the injustice with which she treated her Colonists in the last century. But does the Professor really think that England is weak enough to listen to proposals of this kind, or that they are likely to increase the respect or esteem with which Australians are regarded in this country? It is pleasant to contrast with this mischievous nonsense the fair and moderate statement of Mr. Parkin in his Chapter on Trade and Fiscal Policy,* the most remarkable feature in which is that he, like a wise man, avoids any positive practical conclusion.

CONCLUSION.

The commercial relations of the world are in a state of flux, and the relations of the different portions of the British Empire, I would rather say of the British race, are also in a state of change and development. The reasonable Free Trader does not pretend to say that every other consideration is to give way to Freedom of Exchange. But he believes that Freedom of Exchange is for the benefit of mankind, and that the tide is, with many ebbs and reactions, flowing in the direction of Free Trade. He believes that restrictions are injurious, and he seeks to narrow, not to extend their operation. He thinks that the restrictions which Foreign Countries and the Colonies have placed

* "Imperial Federation," Macmillan, 1892.

on their trade are now retarding their own progress ; and as regards those adopted by the Colonies that they are retarding the Unity of the Empire. He believes that the further restrictions on British trade which have been proposed, whether for the purpose of frightening Foreign Nations out of their Protective systems, or of bringing England into line with the Colonies, will defeat their own object, will intensify Protection, will injure the United Kingdom without benefiting the Colonies, and will tend to disunion and quarrel rather than to harmony and closer union.

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